

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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MAR 30 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
MCI Telecommunications Corporation	)	CC Docket No. 97-250
Petition for Prescription of Tariffs	)	DA 98-385
Implementing Access Charge Reform.	)	

**REPLY COMMENTS OF SPRINT CORPORATION**

Sprint Corporation hereby submits its replies to comments filed March 18, 1998 regarding the Emergency Petition for Prescription filed by MCI Telecommunications Corporation ("MCI").

While Sprint does not agree with MCI and others who argue in favor of an immediate prescription of access rates to cost,<sup>1</sup> it does agree with those who declare that the goal of access charge reform must be to create an access charge structure based on sound economic principles. The creation of the flat-rate presubscribed interexchange carrier charge ("PICC") is a step in the right direction since it recognizes the non-traffic sensitive nature of the local loop. However, if the Commission is committed to establishing a truly rational pricing

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<sup>1</sup> As Sprint noted in its initial comments, MCI's petition contains a number of issues already being considered in other Commission proceedings, most notably the petition filed by Consumer Federation of America, International Communications Association and National Retail Federation on December 9, 1997 (*In the Matter of Petition for Rulemaking of Consumer Federation of America*, RM No. 9210), Sprint's petition for declaratory ruling filed December 31, 1997 (CCB/CPD 98-2), and the Commission's docket on defining primary lines (*In the Matter of Defining Primary Lines*, CC Docket No. 97-181). Sprint has filed detailed comments in each of these matters, which it commends to the Commission.

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structure, then it must move to a rate structure which recognizes that the cost-causer should be the cost-payer. The PICC does not meet this objective. The cost-causer of NTS loop costs is the end user, not the IXC. Consequently, as WorldCom points out, it is economically inefficient to use the IXCs as a conduit in the recovery of these costs.<sup>2</sup>

WorldCom<sup>3</sup> and GTE<sup>4</sup> agree with Sprint that it would, on the other hand, be economically efficient to raise the cap on the end user subscriber line charge ("SLC") and subsequently move all common line costs assigned to the interstate jurisdiction into the SLC. GTE is correct in arguing that, by creating the PICC, IXCs will most likely pass through this element (as the Commission rules clearly allow them to do) on a flat charge basis and thus the end user SLC has, effectively, already been raised.<sup>5</sup> Rather than continuing to play this regulatory shell game of hiding costs in newly created rate elements, the Commission should eliminate the PICC as a separate charge and, correspondingly, increase the SLC.

Eliminating PICCs would solve a myriad of problems, many of which are identified in MCI's petition. First, the cost of the local loop would be recovered in an economically sound manner - from the cost-causer - eliminating the IXC as an unnecessary middleman. Further, an increased SLC could be easily billed,

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<sup>2</sup> See, WorldCom Comments at pp. 6-7.

<sup>3</sup> *Id.*

<sup>4</sup> See, GTE Comments at pp. 9-11.

<sup>5</sup> *Id.*

making it unnecessary to perform major modifications on ILEC billing systems. Likewise, there would be no need to continue to grapple with how to properly define primary and non-primary lines, thus bringing to an end what has already become an administrative nightmare, as well as the source of billing disputes now raging between the ILECs and IXCs. Finally, customer confusion would be diminished since only one flat-rate charge would appear on the customer's bill rather than both the SLC and the PICC. Sprint strenuously urges the Commission to consider the overwhelming arguments in favor of this course of action and rule that, going forward, the PICC shall be recovered directly from the end user in the form of an increased SLC.

Until the Commission takes this action, concerns regarding proper PICC billing will remain at the fore. Sprint takes exception to the arguments made by certain RBOCs, namely Bell Atlantic,<sup>6</sup> Pacific Bell and Southwestern Bell<sup>7</sup> and U S WEST,<sup>8</sup> as well as the United States Telephone Association<sup>9</sup> which suggest not only that billing problems do not exist, but that the IXCs are currently receiving all the information they need to verify PICC billings. U S WEST and Bell Atlantic have admitted to Sprint that problems exist in identifying the appropriate billing for certain types of lines, most notably Centrex lines. Sprint has been told this problem will be resolved anywhere between April and June. Southwestern Bell,

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<sup>6</sup> See, Bell Atlantic Comments at p. 11.

<sup>7</sup> See, Southwestern Bell/Pacific Bell Comments at pp. 5-6.

<sup>8</sup> See, U S WEST Comments at p. 8.

<sup>9</sup> See, United States Telephone Association Comments at pp. 13-14.

on the other hand, has not, to date, been able to provide any industry standard data for verification of PICCs and has committed to a July time frame for solving that situation. Finally, system problems experienced by Pacific Bell have twice caused that company to delay billing for PICCs. As of the date of this filing, Sprint has not yet received a billing for January PICCs from Pacific Bell. Consequently, contrary to the presumptuous claims offered by these RBOCs, the IXCs are not receiving the type of information reasonably required to verify the PICCs billings.

Sprint and other carriers have suggested that one way to resolve these billing problems would be to add a field to the existing Customer Account Record Exchange ("CARE") to identify PICC treatment information. BellSouth dismisses this suggestion, alleging that the idea has been considered and, for good reason, repeatedly rejected by the Ordering and Billing Forum ("OBF").<sup>10</sup> BellSouth's claims on this point are wrong. To the contrary, the idea of the additional CARE field for PICC identification has not been rejected by OBF. Sprint and MCI, the co-sponsors of the effort to add a field to the CARE record, introduced the idea to OBF this past November. OBF has agreed to consider the suggestion and is currently in the process of assembling information for review. It is expected that the issue will be discussed at OBF's April meeting. The

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<sup>10</sup> See, BellSouth Comments at p.16.

Commission, therefore, need not act on this matter but should instead leave its resolution to OBF.

The RBOCs are solidly against the granting of Sprint's petition for a declaratory ruling that once an IXC that has terminated service to a presubscribed customer for nonpayment or for violation of any other term or condition of the IXC's tariff, it is not liable for PICCs with respect to that customer's lines if the IXC has made a timely notification to the LEC that it has discontinued service to the customer. The arguments spun in an attempt to dispute the clear logic of Sprint's request are, at best, irrelevant and misconceived. Sprint has already refuted each of the RBOCs' claims in its Reply Comments filed February 25, 1998 in CCB/CPD 98-2. Sprint respectfully refers the Commission to those comments and again urges the Commission to act quickly to grant Sprint's petition.

Finally, in a brief, but brazen statement, USTA claims that the IXCs have raised, rather than lowered long distance rates as a result of ILEC access charge reductions.<sup>11</sup> USTA goes on to profess that, in spite of Chairman Kennard's request for specific information in support of the IXCs' assurances that access

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<sup>11</sup> See, Footnote 11, *supra* at pp. 11 - 12.

charge reductions have been passed through to customers, no IXC has yet provided that information.<sup>12</sup> USTA offers no support for its declarations, instead promising to provide details in a later filing. Sprint suggests that USTA should check its facts before leveling such allegations. If it had, it would have discovered, as Sprint pointed out in its response to Chairman Kennard, the RBOCs have increased access rates (SLCs + PICCs + per-minute charges) while IXCs have lowered rates by more than the July 1, 1997 access reductions. Sprint estimates that its interstate access costs (combined with universal service fund costs) actually rose approximately \$28 million on January 1, 1998 as compared with July 1, 1997 levels. In spite of those increases, Sprint has continued to reduce toll rates; it provided evidence of these reductions in an attachment to its response to Chairman Kennard, which contained no fewer than seven pages of rate reductions, retention programs and promotions.

### **CONCLUSION**

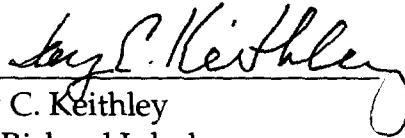
As Sprint has noted, each of the issues delineated in MCI's petition is currently being considered in another Commission proceeding. While Sprint supports certain of the arguments put forth by MCI, it believes that, to the extent

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<sup>12</sup> *Id.*

MCI's petition is duplicative of other Commission dockets, MCI's petition should be dismissed.

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March 31, 1998

## **CERTIFICATE OF SERVICE**

I, Melinda L. Mills, hereby certify that I have on this 30<sup>th</sup> day of March 1998, served via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Reply Comments of Sprint Corporation" in the Matter of MCI Telecommunications Corporation Petition for Prescription of Tariffs Implementing Access Charge Reform, CC Docket No. 97-250, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.

  
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